



Exchange Hall

Bluebird Realty Trust
2 School Street
Acton, Massachusetts 01720
www.exchangehall.com
exchange.hall@verizon.net

CPC

Planning Department
Town of Acton
472 Main Street
Acton, MA 01720

Re: Application for request for grants for Exchange Hall restoration
Project appraisal information

The following are comments and corrections to the project appraisal report by Clark & Company dated May 2007 for a project completion date of May 2008. The appraisal report has been highlighted and various paragraphs numbered for comparison with the comments and corrections included here.

Cover Letter Comments

- #1 This section is a simple description of the existing conditions of Exchange Hall and 129-131 Main Street. The appraiser was not well informed about the 20% tax credit that is allowed for properties on the Interior Departments Register of Historic Places. He did not take into consideration the financial benefit to owner and tenant. The owner and tenant can take a 20% credit spread out over five years for approved restoration costs. This would include most items that are attached to the building including historic preservation, heating systems, electrical systems, flooring, and equipment. Items such as tables and chairs would not apply. The ability to get the tax credit will add to the desirability of the project for the tenant.

The easement highlighted in the next section has been taken off the site plans because a title search could not uncover a document to go with the drawn easement. The project attorney and engineer have informed me that both a written and signed document with a plan are needed to grant easement rights.

- #2 Written cost estimates were given to the appraiser. The cost estimate provided to the committee is very similar in total cost to the appraiser's report for actual costs
- #3 I have acknowledged that I am not a commercial builder/deveiooper. My experience comes from building 40 homes in addition to renovations on historic and relatively newer homes over the last 30 years. Please note that all of the construction items for the project that require an architect, engineer or commercial construction experience are listed as separate line items and will be contracted to others. I have a realestate license and will be marketing the property.
- #4 The appraiser contends that the project as stated is not financially feasible. This financial consideration is the main reason I have submitted the application to the CPC. He also advises that the project should be converted into a condominium development. Considering the current residential realestate market condominium development does not seem to be a viable option. The key factor in going forward with the Site Plan Special Permit and this application is to save Exchange Hall as a commercial building and especially to save the function hall and keep it an active place open to the community.

Section I

- #5 After the project appraisal report was completed the project parking count has expanded to 71 spaces from 44 spaces. The added parking area design will be further examined in future public hearings as a change to the Site Plan Special Permit approved in Feb 2007. The project engineers will be working on the parking revisions for a spring application with the proposed changes.
- #6 This page includes an explanation of the Prospective Value appraisal approach
 - #6.1 This paragraph about the easement was discussed earlier
- #7 The building is structurally sound. The west side porches will be documented as existing, removed and rebuilt. If the building department requests a structural engineer to certify the structure is sound the information will be provided.

- In the cost analysis given to the CPC the interior prep budget includes cleaning out the interior, demolition of the unusable interior partitions, plumbing, electrical, and plaster. New HVAC and electrical rough-ins are being provided. The appraiser was given this part of the budget.
- #8 This section demonstrates that there is a growing need for restaurants and function halls. The project need for valet parking and part-time use of the Hall has been minimized with the additional parking. Now the building can accommodate 323 people and have full time use with an approved revision to the Site Plan Special Permit. The project will probably still need the overflow parking at the train station.
 - #9 The appraisal states there is no alternative use for the property if the town wants to save the function hall. This project is the highest and best use for the property. The additional parking in the back of Exchange Hall, and help from the town with the additional parking at the Depot lot, CPC funds and the 20% tax credit brings the project to an almost breakeven point financially. This additional information was not used by the appraiser.
 - #10 The appraisal left out “Not Your Average Joes” on the comparable retail rents schedule. The commercial unit on the end of the same building is for rent at \$24 NNN. The project should be able to get some additional rent per ft. Assuming the 20% tax credit and more convenient parking were included in the analysis the completed project value would rise accordingly
 - #11 The ground floor should get \$11+ and the first floor \$21+ which would raise the values 7%
 - #12 The direct capitalization rate value would then rise \$114,000 to \$1,744,00.
 - #12.1 The cost to produce the actual project stated by the appraiser is \$1,981,976. I submitted to the CPC a cost of approximately \$20,000 less. The appraiser is assuming an outside developer will get \$297,296 in entrepreneurial incentive. I can forgo this profit line item since I own the building and will be developing and managing the project. Adding the parking in the rear of Exchange Hall adds an

estimated \$165,000 to the cost to produce. The revised estimated total cost to produce is \$2,146,976.

Proposed Estimated value "as is" via development approach analysis

Capitolized value (revised)	\$1,744,100.
Cost to create (revised)	\$1,981,976.
Cost of additional parking Behind Exchange Hall (estimate)	<u>\$165,000.</u>
Total cost to create	\$2,146,976.
Capitolized value less cost to create "As is" value complete	(\$402,876.)
Proposed CPC funding	\$231,948.
Value of 20% tax cut (\$588,560)	<u>\$117,712.</u>
Projected net "As is" value	(\$53,216.)

Value is approximately the cost of the project

Current value as assessed by the town FY-07 \$1,071,800 but the property has no future without this project and will continue to degrade until a major restoration takes place.

Thank you for considering the application for the restoration of Exchange Hall.

Sincerely,



Bluebird Realty Trust, trustee
Glenn Berger